



THE CITY OF ATLANTA'S

Urban Enterprise Zone Program

U.E.Z. PROGRAM GUIDE FOR 2006

JANUARY 2006

***City of Atlanta Bureau of Planning
Department of Planning and Community Development***

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UEZ. PROGRAM GUIDE FOR 2006

GUIDE TO THE CITY OF ATLANTA'S URBAN ENTERPRISE ZONE PROGRAM

Purpose of the UEZ Program

The City of Atlanta's Urban Enterprise Zone (UEZ) Program was authorized for creation by the Georgia General Assembly in 1983. The purpose of the UEZ Program is to encourage private development and redevelopment in areas of the City or on sites which otherwise would unlikely be developed due to the existence of certain characteristics of the area or site. An "urban enterprise zone" (UEZ) is a designated district that is located within an economically-depressed area of the City where property owners may receive tax abatements over a ten-year period if certain conditions are met. Each UEZ is created as a result of the approval of an application that has been submitted to and reviewed by the City for a specific real estate development project.

The City's Urban Enterprise Zone (UEZ) Program is not to be confused with the City's Renewal Communities Program (formerly known as the Empowerment Zone Program). The latter is a federal program that is administered through the City of Atlanta, whereby the empowerment zones are already designated rather than being proposed by applicants/developers. Such areas are illustrated on certain City maps. In contrast with this, the UEZ Program does not have pre-existing designated urban enterprise zones. Rather, UEZs are designated on a case-by-case basis, by request, after all requirements of the application process are met and approved.

In return for allowing tax abatements (tax waivers and reductions) on UEZ properties, the City of Atlanta may approve UEZ applications for sites in certain areas to encourage private investment, urban revitalization, and/or the provision of affordable housing. In this manner, the City seeks to benefit its citizens by improving the urban landscape and economic health of the neighborhood in which each UEZ property is located. In turn, this may stimulate the development or redevelopment of other nearby properties that are located within distressed areas.

An applicant files an application with the Bureau of Planning to request that an urban enterprise zone (UEZ) be designated to allow a specific development project on a specific property. An application may

be submitted to request the designation of five possible types of UEZs: housing enterprise zones (HEZs), commercial enterprise zones (CEZs), mixed-use residential/commercial enterprise zones (MUR/CEZs), industrial enterprise zones (IEZs), and mixed-use commercial/ industrial enterprise zones (MUR/CIZs). Once a UEZ is designated according to one of these types, it cannot be changed. For MUR/CEZs and MUC/IEZs, the developer must construct all of the required land uses within the development project.

Initially, the UEZ Program provided for industrial and commercial enterprise zones. The Act was amended in 1986 to provide for housing enterprise zones, and in 1994 to provide for mixed-use enterprise zones. Other amendments followed, including the 1997 Employment Enterprise Zone Act, which created opportunities for Statewide enterprise zone designations, and the 1998 Atlanta Urban Enterprise Zone Act Amendment, which modified the existing State “Atlanta Urban Enterprise Zone” legislation to absorb changes within the local ordinance and to integrate elements that were derived from the 1997 Enterprise Zone Employment Act.

Anyone who is interested in obtaining UEZ designation for a particular property must have a specific development proposal for that property, and must submit a detailed UEZ application to the City’s Bureau of Planning to request that a UEZ be created for that property. The UEZ program requires that each UEZ be designated on the basis of a specific development proposal, thus it does not allow the designation of a UEZ for purely speculative real estate purposes. A UEZ property does not need to be of any minimum size. The City Council and/or Mayor must officially approve the designation of a UEZ for a particular property through the UEZ application and review process.

The creation of an urban enterprise zone (UEZ) for a particular property is approved by the Atlanta City Council and Mayor, after all UEZ requirements have been satisfactorily met. This then entitles property owners within the UEZ to receive tax abatements for City taxes and Atlanta Public Schools taxes. The Fulton County Board of Commissioners separately reviews each UEZ application. Those that are approved entitles property owners of the UEZ to receive tax abatements for Fulton County. The UEZ is created to exist for a period of ten years, after which it is abolished.

Tax Abatements

Owners of UEZ properties may receive abatements of ad valorem taxes on new development, rehabilitation, and certain inventories over the life of the UEZ, provided that certain conditions are met. The City may also waive the payment of development impact fees that are associated with approved UEZ development activity. UEZ property owners would also receive tax abatements from the Atlanta Board of Education. In addition, if the Fulton County Board of Commissioners separately approves a UEZ application, the property owner would receive tax abatements from Fulton County.

For properties that are located in the DeKalb County portion of the City of Atlanta, the property owner would receive tax abatements for the City of Atlanta taxes only, and would continue to pay full taxes to DeKalb County, because [DeKalb County does not participate in the City of Atlanta’s Urban Enterprise Zone \(UEZ\) Program](#). Prospective applicants are cautioned that, although DeKalb County has recently begun its own urban enterprise zone program, that is not connected with the City of Atlanta’s UEZ Pro-

gram.

In most cases, applicants will want their tax abatements to begin in the year after their UEZ is approved in order to allow time for construction to begin. As such, January 1 of the particular year would become the “effective date” of UEZ creation, and represents the beginning of Year 1 of the life of the UEZ. For housing enterprise zones, the property owner would be entitled to begin receiving tax abatements for Year 1 if construction on the required 30 percent or more of the housing units has been completed by the end of that year.

Applicants may alternatively request that the UEZ and tax abatements begin in the same year as the application is filed if the construction or rehabilitation work for their project must begin before the UEZ is designated. In this situation, the City’s Law Department has determined that the UEZ must be approved in the same year and the tax abatements must begin in the same year as the application as filed. It would therefore be in the best interest of the applicant and property owner(s) if all of the proposed construction or renovation work is also completed in the same year in order to receive the full benefit of the first year of tax abatements. **The fact that the construction or rehabilitation work begins before the UEZ is designated is not a guarantee that the City of Atlanta will approve a UEZ designation for the property.**

Tax abatements are allowed on the assessed value of the improvements (new development or renovations) only since the property owner must continue to pay taxes on vacant land and existing improvements anyway. Property owners continue to pay taxes on land and structures that existed before any improvements are made. The only times when property owners may receive 100 percent tax abatements within the first five years of enterprise zone designation are when 1) for housing enterprise zones and mixed-use residential/commercial enterprise zones, the value of the improvements exceed the value of the land by a factor of eight times or more or 2) for non-residential zones, the value of improvements must exceed the value of the land by a factor of three times or more. After the first year of UEZ designation, tax abatements occur via a sliding scale of reduced percentages, as follows:

TABLE 1
TAX ABATEMENT SCHEDULE

Year(s) of UEZ Designation	Maximum Percentage Of Tax Abatements*
Years 1-5	100%
Years 6 & 7	80%
Year 8	60%
Year 9	40%
Year 10	20%
Year 11 (after UEZ ends)	0%

*The only times when property owners receive 100 percent tax abatements within the first five years of enterprise zone designation are when 1) for housing enterprise zones and mixed-use residential/commercial enterprise zones, the value of the improvements exceed the value of the land by a factor of eight times or more; or 2) for non-resi-

dential zones, the value of improvements must exceed the value of the land by a factor of three times or more.

Determining UEZ Eligibility for a Particular Property

Prior to application, a property that is to be considered for an urban enterprise zone must be located within an eligible geographical area. A particular property may become eligible for urban enterprise zone (UEZ) designation only after the Bureau of Planning has determined 1) that the property is not located within an existing tax allocation district; and 2) that the location of property meets certain required UEZ criteria. First, the property must not already be located in an existing “tax allocation district.” If it is, the property is disqualified from consideration as an urban enterprise zone. Please contact Linwood Robinson within the Bureau of Planning to make this determination. His telephone number is (404) 330-6785. Secondly, the Bureau of Planning must determine, through the performance of an “eligibility analysis”, that the property meets certain eligibility criteria, which are set by law. The eligibility analysis must be completed before a potential UEZ applicant submits a UEZ application. The UEZ eligibility analysis determines whether the subject property meets three of four possible locational criteria, as follows: 1) evidence of pervasive poverty within the surrounding census tract; 2) unemployment or significant job loss within the surrounding census tract; 3) general distress in terms of either crime or the presence of abandoned and/or dilapidated structures within the surrounding area; and 4) underdevelopment of the surrounding area in relation to development activity occurring within the City as a whole. Details of the criteria are listed below.

U.E.Z. Eligibility Criteria:

1. **Evidence of Pervasive Poverty:** Must be ≥ 20 percent, as is measured by the census block group in which the subject property is located.
2. **Unemployment:**
 - a. Must have at least 10 percent higher than the State annual average for unemployment (a percent of *a* percent), as is measured by the percentage of unemployment existing in the census tract in which the subject property is located; OR
 - b. Must have significant job loss occurring either on the subject property or within the immediate vicinity, as is measured by documentation to be provided by the applicant.
3. **General Distress:**
 - a. Must have a high crime rate police beat crime rate of $\geq 20\%$ higher than the Citywide average of crimes per square mile for 1999-2003, as is measured by City of Atlanta Police crime statistics; OR
 - b. Must demonstrate the presence of existing abandoned and/or dilapidated structures within one block of the project area, or deteriorated infrastructure, as is measured by documentation (such as photographs) to be provided by the applicant.
4. **Underdevelopment:** The Neighborhood Planning Unit (NPU) in which the property is located must have $\leq 20\%$ less than the Citywide NPU average for development activity for 2000-2003, as is meas-

ured by City building permit data. This is based on whether the proposed development project would be for residential or non-residential uses. For mixed-use residential/commercial enterprise zones, this criterion may be satisfied by using either the residential or non-residential building permit data.

Readiness of Properties and Projects for UEZ Consideration

Before a prospective applicant may file a UEZ application, the specific property to be included in the UEZ and the specific development project must not only be “eligible” for UEZ designation, which the Bureau of Planning determines through its eligibility analysis, but it must also meet the tests of “property readiness: and “development readiness.” The Urban Enterprise Zone Program is intended **ONLY** for those properties and those development projects that are “ready to go”, as is discussed below. **THIS IS VERY IMPORTANT.**

Property Readiness

Only those properties that are legally ready for development may be considered for designation as an urban enterprise zone. That is, **THE PROPERTY MUST BE A SEPARATE, LEGAL PARCEL WITH ITS OWN ADDRESS AND/OR TAX PARCEL CODE NUMBER (P.C.N.)**. If the property that you want to designate as an urban enterprise zone is not already a separate, legal parcel by itself, but rather is just a small piece of land that you wish to carve out of a larger tract of land (perhaps as a part of an overall master plan), you must formally subdivide or replat this property from the larger tract before an urban enterprise zone can be designated for your property. If that is your situation, please initiate the subdivision or replating process immediately by contacting Ms. Charletta Wilson Jacks at (404) 330-6730. The subdivision or replating process for your property may occur at the same times as your UEZ application process is occurring, but must be completed before the UEZ designation is approved.

Development Readiness

Each applicant must be ready to build a specific development project. **NO PROPERTY SURVEY MAY INDICATE ADDITIONAL LAND THAT IS NOT TO BE INCLUDED WITHIN A PROPOSED URBAN ENTERPRISE ZONE**. Such additional land may later be the subject of another UEZ application. **FURTHER, NO SITE PLAN MAY INDICATE AN AREA FOR “FUTURE DEVELOPMENT”**, such as for Phase II of the same development. Phase II would be the subject of another UEZ application in the future. **THE SURVEY AND SITE PLAN BOUNDARIES MUST MATCH EXACTLY, AND THE LEGAL DESCRIPTION(S) MUST NOT REFERENCE ADDITIONAL LAND.**

NEW POLICY REGARDING PROJECT READINESS: ALL APPLICANTS/DEVELOPERS MUST BE SURE ABOUT WHAT THEY PLAN TO BUILD. They must be sure about the type and number of housing units to be constructed. If retail uses are to be included in the project, they must be built within four years. If you are not sure about market conditions for certain types of uses, do not include them in

your project. If you are not sure about market conditions for certain types of uses, do not include them in your project. Due to time constraints, the Bureau of Planning may not allow the submittal of a revised application later in the review process.

NEW POLICY REGARDING THE INITIATION OF CONSTRUCTION/REHABILITATION

WORK: If the applicant wants to begin construction work for the proposed development project (i.e., either new construction or rehabilitation of existing structures) before the urban enterprise zone has been officially approved, the City's Law Department has determined that this may be allowed only if the construction/rehabilitation work begins in the same year as the first year for which the tax abatements begin. That is, for example, if the construction/rehabilitation work begins in 2005, then the tax abatements must also begin in 2005, such that 2005 is the first year of the ten years of tax abatements. This means that the "effective" (beginning) date of the approved urban enterprise zone would be retroactive to January 1, 2005. (Otherwise, if the construction/rehabilitation work begins AFTER the UEZ is approved, the effective date would be January 1, 2006 and the tax abatements would begin in 2006). Since property tax bills are prepared by Fulton County in July of each year, it would be beneficial for the property owner to complete all of the construction/rehabilitation work for the project by June of 2005 so that the increased value of the property can be reflected in the tax bill for 2005, thereby allowing the property owner to receive the maximum benefit of the first year of tax abatements.

UEZ Pre-Application Requirements

The Bureau of Planning requires that all applicants for Urban Enterprise Zone (UEZ) designation satisfactorily meet certain pre-application requirements BEFORE submitting the actual UEZ application. These requirements are listed below. PROSPECTIVE APPLICANTS ARE CAUTIONED THAT IF THEIR PROPERTY IS ALREADY LOCATED WITHIN AN APPROVED TAX ALLOCATION DISTRICT, IT CANNOT BE CONSIDERED FOR URBAN ENTERPRISE ZONE DESIGNATION. To make this determination, please contact Linwood Robinson of the Bureau of Planning at (404) 330-6785.

1. Discuss the development proposal with the Bureau of Planning's UEZ staff.
2. Submit a letter of request, along with a signed and notarized "Authorization by Property Owner" form, to the Bureau of Planning to request that a "UEZ Eligibility Analysis" be undertaken for a specific property. Such request must include the address and tax parcel code number (PCN) of each parcel that is to be included within the UEZ. In addition, please submit an 8-1/2" X 11" copy of the portion of a City cadastral map which shows your property, and outline the boundaries of the parcel(s) or land that is to be included within the UEZ. The outlining should be done using a thick magic marker or felt tip pen, not with a colored highlighter. To obtain a copy of the pertinent cadastral map, you will need to meet with either the Planner On Duty or a mapping technician in the Bureau of Planning. (Phone: (404) 330-6145)
3. Obtain, understand, and utilize the Bureau of Planning's list of "Site Plan Requirements."
4. Receive a copy of the Bureau of Planning's completed "UEZ Eligibility Analysis" letter for the subject property, which indicates that the subject property either "is eligible" or "could be eligible" for UEZ designation, and include the letter in your application.
5. If the result of the completed UEZ Eligibility Analysis indicates that the subject property "could

be” eligible for UEZ designation, contact the Bureau of Planning for instruction regarding the type of additional documentation that the applicant must provide.

6. Be able to demonstrate that the subject property is an existing legal piece of property that does not require further subdivision, replatting, or consolidation, or that a subdivision, replatting or lot consolidation process is being pursued through the Bureau of Planning. See the previous section on “Readiness of Properties and Projects for UEZ Consideration.”
7. Understand that if the proposed construction or rehabilitation work is to begin before the urban enterprise zone is officially designated (approved), that the urban enterprise zone must begin in the same year so that tax abatements for your project may begin in the same year. Otherwise, the urban enterprise zone must begin in the following year or two years later.
8. Understand that the actual property owner(s) must submit with the UEZ application package a signed and notarized “Authorization by Property Owner” form, which grants the applicant permission to submit a UEZ application to the Bureau of Planning for the subject property.
9. Understand that the Bureau of Planning will only accept UEZ applications that have been prepared using the “UEZ Application Submittal Requirements for Cycle II, 2006” format.
10. Understand that all UEZ applications must demonstrate the satisfactory compliance with the six UEZ regulations that are listed below.

A. CDP and Zoning Compliance—The proposed development project must comply with Sections 146- 152(1)a & b of the Atlanta City Code, which require that proposed enterprise zones be consistent with the currently-adopted Comprehensive Development Plan (CDP) prior to the creation of the enterprise zone, and state that the proposed land use shall comply with the City’s zoning ordinance prior to the creation of the enterprise zone. Each property must have the appropriate zoning before the proposed UEZ can be approved. Therefore, any necessary land use or zoning changes must be completed before UEZ designation can be approved for the subject property. Any required land use or zoning changes may be undertaken simultaneously during the UEZ review period. The designation of a UEZ for a particular property does not change the land use designation, zoning classification, or ownership of the property. If the development project that a UEZ applicant is proposing differs from what was previously approved in a zoning case, the applicant must either obtain administrative approval from the Bureau of Planning or obtain City Council approval by submitting a site plan amendment zoning application, which goes to the Zoning Review Board in the same manner as a rezoning. The type and magnitude of the change would determine whether or not the applicant would be required to go through the formal zoning process.

B. Minimum Household Displacement Compliance—The proposed development project must comply with Section 146-52(1)e of the Atlanta City Code, which states that all urban enterprise zones shall be developed or renovated in such a way as to result in the minimum displacement of any residents who are currently living within existing housing structures that are located on or in close proximity to the subject property. A tenant relocation plan is required for all residential properties that have, or formerly had, residential tenants, even if the property was under a different ownership at the time when the previous residents were relocated.

C. Affordability Provisions Compliance—The proposed development project must comply with the new “housing affordability requirements” that were adopted by the City in 2003,

which are defined in City Code Sections 146-52(2)a.1, 146-52(2)a.2, and 146-52(2)a.3 (per approved Ordinance #03-O-1695) below. THESE ARE NEW REQUIREMENTS AS OF 2004, as are listed below. In addition, the project must comply with the “Housing Affordability Table for 2005”, regarding allowable family income limits, rental rates, and housing sales prices.

City Code Section 146-52(2)a.1. Twenty percent of the total units to be provided shall reflect the same ratio of housing type and bedroom composition that is proposed throughout the zone, and shall be within the ability to pay of those households whose annual income does not exceed 60 percent of the median family income for the Atlanta metropolitan statistical area as most recently published by the United States Department of Housing and Urban Development (HUD), and as adjusted for household size in accordance with HUD procedures.

City Code Section 146-52(2)a.2. Twenty percent of the units for sale shall reflect the same ratio of housing type and bedroom composition that is proposed throughout the zone, and shall bear purchase prices which do not exceed two and one-fifth times the median family income for the Atlanta metropolitan statistical area as most recently published by the United States Department of Housing and Urban Development.

City Code Section 146-52(2)a.3. Twenty percent of the units for rent, if any, shall reflect the same ratio of housing type and bedroom composition that is proposed throughout the zone, and shall bear monthly rents which do not exceed 30 percent of the low-income level defined in section 146-52(2)a.1 or, in the case of rental housing, units that are being financed through federal low-income housing tax credits, said units shall bear monthly rents which do not exceed the maximum rents prescribed in Section 42, [I]nternal Revenue Service Code, based upon the low-income level defined in section 146-52(2)a.1.

These housing affordability requirements identify the percentages of units overall and within each housing type and bedroom composition that must be within the ability pay (“affordable”) of those households whose annual incomes do not exceed 60 percent of the median family income for the Atlanta Metropolitan Statistical Area (MASA), as was most recently published by the United States Department of Housing and Urban Development (HUD), and as is adjusted for household size in accordance with HUD procedures. This requirement means that the applicant/developer must identify in the UEZ application the total number of affordable housing units to be designated, as well as the number of each type of housing unit, according to its number of bedrooms, to be designated as being “affordable.” In addition, the monthly apartment rental rates and housing sales prices must not exceed the maximums that are listed by family size on the “Housing Affordable Table for 2005”.

D. Timing of Residential Unit Construction Compliance—The proposed development project must comply with Section 146-52(2)e of the Atlanta City Code, which requires that construction of 30 percent or more of the housing units to be developed be completed during the first year of the urban enterprise zone designation.

E. UEZ Eligibility Criteria Compliance—The proposed development project must comply with the 1998 Unified Code of Georgia (House Bill 1485) amendments, which require that urban enterprise zones meet three of four specific criteria relating to poverty, unemployment, general distress, and underdevelopment. These criteria were listed above.

F. Financial Need Compliance—The proposed development project must comply with Section 146-52(1)g1, which states that “...the proposed development without tax abatement would generate, on a cumulative basis over the first five years, either (a) negative cash flow, or (b) a fixed-rate debt service coverage ratio equivalent to said fixed-ratio...” This means that in the UEZ application, the applicant must demonstrate the economic necessity of UEZ designation for the proposed development project. This is done by submitting financial documentation showing that 1) the proposed development would have a debt coverage ratio of less than 1.20 for the first five years with tax abatements; and 2) that the project could not be constructed without receiving tax abatements through the UEZ program. In addition to these requirements, all City and County property taxes must be paid on the subject property before UEZ designation can allowed.

UEZ Application Process

Potential UEZ applicants must receive from the City of Atlanta Bureau of Planning a “UEZ Eligibility Analysis” letter which certifies that the subject property that is being considered for UEZ designation either “is eligible” or “could be eligible” for UEZ designation. Properties that “could be eligible” will require that additional documentation be submitted by the applicant to determine UEZ eligibility, which is to be determined by the Bureau of Planning. After UEZ eligibility has been certified by the Bureau of Planning, an application may be submitted for that property.

All UEZ applicants must submit their UEZ applications to the Bureau of Planning by the four legal deadline dates of either December 30th, March 30th, June 30th, or October 2nd. No late, handwritten, or substantially incomplete applications will be accepted. All UEZ applications must be prepared according to the format that is specified within each application document, and must include all requested information. In particular, all applications must include a signed and notarized “Authorization by Property Owner” form, an acceptable survey of the property, a detailed site plan of the proposed development, a construction schedule, financial cash-flow statements, and evidence of potential project financing.

For those applicants who need to begin the construction or rehabilitation work on their UEZ projects immediately (in the same year), they must request that their UEZ begin (become effective) in the same year, so that they can begin receiving tax abatements in the same year, as was discussed above. Such applicants are encouraged to discuss this with the Bureau of Planning.

Once a UEZ is approved, it must be developed in accordance with the submitted application and approved ordinance. If the project is for mixed-use development, all uses must be built in a timely manner. If any problems arise in meeting these requirements, or in beginning the construction or rehabilitation work, please contact the Bureau of Planning at (404) 330-6145.

UEZ property tax abatements are handled by the Fulton County Board of Tax Assessors. Any relevant questions should be directed to (404) 730-6440 or (404) 224-0102. Questions concerning property tax bills should be directed to the Fulton County Tax Commissioner's Office at (404) 730-6100. Beginning in 2003, all UEZ applicants were required to submit a separate application to the Fulton County Department of Environment and Community Development, to meet their application requirements.

If a prospective urban enterprise zone property is located in DeKalb County, potential applicants are hereby informed that DeKalb County does not participate in the City of Atlanta's Urban Enterprise Zone Program, thus the property would only be eligible to receive tax abatements from the City of Atlanta and Atlanta Board of Education—no county tax abatements. Further, it should be noted that DeKalb County has its own separate urban enterprise zone program. Thus, potential applicants for properties that are located in DeKalb County should review the urban enterprise zone programs of both the City of Atlanta and DeKalb County to determine which program would be more beneficial for the property.

Invitation to Prospective UEZ Applicants

Prospective applicants are encouraged to consider seeking UEZ designation for certain properties that are located in economically-depressed areas of the City whose development or redevelopment might otherwise might not be financially feasible. The approval of UEZ designation for such properties can enable developers financially to undertake such development projects due to the potential property tax abatements that can be received by their property owners over the ten-year life of the UEZ. In turn, the City and citizens of Atlanta benefit from the UEZ Program because of the economic development benefits that result from the development or redevelopment of these depressed areas. Such benefits may include urban revitalization, the provision of new jobs, the aesthetic improvement of neighborhoods, and the stimulation of further development activity.

If you are considering submitting an application for urban enterprise zone designation for your proposed development project, please obtain a copy of an application from the Bureau of Planning or the Bureau Website. The "Housing Affordability Table for 2005" is also available at the Bureau of Planning. Please contact the Bureau of Planning at (404) 330-6145 for any further information about the UEZ application process.

Official address for the City of Atlanta Urban Enterprise Zone Program:

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Phone: (404) 330-6145 FAX: (404) 658-7491

Website:

www.atlantaga.gov/government/planning/burofplanning.aspx